

2013

SURVEY OF PUBLIC LISTED COMPANIES

CORPORATE PHILANTHROPY IN PAKISTAN



**“It is every man’s obligation to put
back into the world at least the
equivalent of what he takes out of it”.**

- Albert Einstein -

.....
SURVEY OF PUBLIC LISTED COMPANIES

CORPORATE PHILANTHROPY IN PAKISTAN

FOREWORD

The successive surveys have sought to deepen understanding of the dynamics of giving of the corporate sector, document changing trends and practices, highlight best practices and to form policies that create a more enabling environment for corporate giving. On this journey, we have seen a steady increase in the volume of corporate philanthropy, expansion of the scale of philanthropic activities, gradual formalization and structuring of Corporate Social Responsibility (CSR) departments, and an overall sharper focus on philanthropy in the corporate sector. We hope to see similar progress in the ensuing years.

In FY 2013, Public Listed Companies (PLCs) contributed a remarkable amount of PKR 4.8 billion, an 18% increase from 2012 and an incredible 21 fold increase from the base year of 2000. Though the percentage of giving companies saw a 2% decrease from last year, the number of companies giving PKR 5 million or more rose by 13%. A noteworthy trend is that the top 25 giving companies have gradually increased their volume of giving year by year, such that in 2000 their giving constituted 69% of total giving, and in this survey it constitutes an impressive 81%. Though it is heartening to see giving companies directing ever-increasing funds to philanthropic activities, the immediate mission is to motivate the non-giving companies to initiate philanthropic activities - a mission that PCP is actively pursuing and designing strategies for.

The interviews conducted with companies of the cement sector highlighted their motivation and dedication for social development. The qualitative analysis indicated that the majority has a genuine desire to contribute in areas of education, community development and health, and showed eagerness to collaborate with the government. Additionally, current survey contains brief profiles of this year's top giving companies which cover their thematic areas, innovative stories, future targets, growth trends of philanthropy and their valuable suggestions. It is hoped that the profiles will be enlightening for the reader.

The eighth PCP Corporate Philanthropy Awards and launch of the report would be held in near future. This annual ceremony presents awards to top giving companies with respect to volume as well as percentage of PBT donated. The awards are arranged to acknowledge the corporate sector's role in social development and to create awareness among policy makers, public officials, and other stakeholders about the potential of this substantial resource. PCP hopes that the findings in this study will be enlightening to all readers and will serve to guide and inspire the corporate sector. The centre appreciates the policymakers, corporate leaders, public officials, civil society representatives and general public who have shown interest in the corporate survey and provided valuable suggestions and feedback. The Centre looks forward to another decade of improved, enhanced, and in-depth corporate surveys that seek to fulfill its mission of enhancing and increasing corporate philanthropy in Pakistan.

Dr. Shamsh Kassim-Lakha H.I., S.I.
Chairman Board of Directors, PCP

ACKNOWLEDGEMENTS

Pakistan Centre for Philanthropy is proud to present the 10th annual survey report on corporate philanthropy in Pakistan. This year's survey marks a decade of PCP's efforts to highlight and appreciate corporate philanthropy and to enhance its effectiveness and volume. The surveys of the past ten years have strengthened our belief that indigenous philanthropy is a significant source for poverty alleviation and social development, if properly channelized.

Successful completion of a decade of corporate surveys has been possible due to the efforts of a wide range of stakeholders, policy makers, corporate sector and public representatives, and the PCP staff members. The unwavering assistance of Securities and Exchange Commission of Pakistan (SECP) has been invaluable. They graciously granted us access to their records and provided active assistance. PCP thanks them for their help in this endeavour and we look forward to their continued support.

The Centre owes its gratitude to the Chairman of the Board, Dr. Shamsh Kassim-Lakha and the entire Board of Directors for their assiduous support. We are thankful to the members of the Research Committee, Mr. Zaffar A. Khan, Dr. Attiya Inayatullah, Mr. Mueen Afzal, Dr. Sania Nishtar, Mr. Ahsan M. Saleem, Mr. Sohail Naqvi, and Mr. Firoz Rasul for their constant support and able guidance that has been a source of inspiration in the completion of this report. We would especially like to offer gratitude to Mr. Tanwir Ali Agha, former Executive Director of PCP for his encouragement, support and guidance in the preparation and completion of this document.

The current survey report is the result of meticulous efforts and hard work by the research team, namely Mr. Muhammad Ali, Mr. Muhammad Ashraf, Ms. Sarah Nasir and Ms. Lubna Rani under the constant supervision and guidance of Dr. Naushin Mahmood. Thanks are due to Mr. Mansoor Sarwar for his valuable inputs and also to Mr. Shehryar Rathore (intern) for his assistance in data collection and entry.

We are grateful to the top giving and cement sector companies for taking time out from their busy schedules to participate in the survey. We look forward to their cooperation in the ensuing years as well. The rising volume of corporate philanthropy in these trying times is admirable and encouraging.

The Centre is grateful to all the stakeholders who have utilized the successive issues of the corporate survey and appreciate this endeavor. We hope that the reader finds this volume informative and insightful. As always, we will deeply appreciate suggestions and comments for the improvement of this survey.

Shazia Maqsood Amjad
Executive Director, PCP

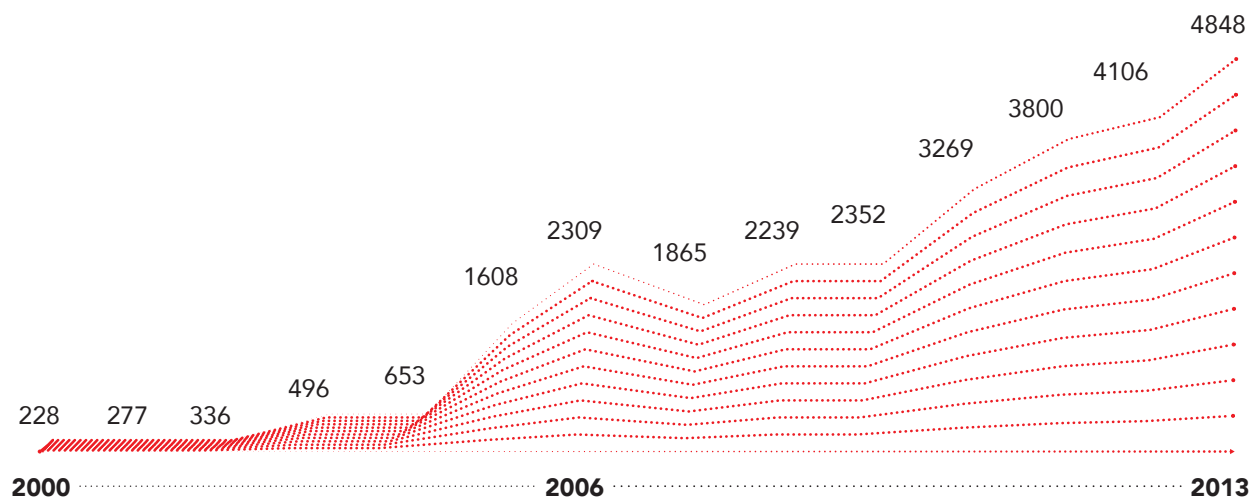
ACRONYMS

CECP	Committee Encouraging Corporate Philanthropy
CEO	Chief Executive Officer
CP	Corporate Philanthropy
CPA	Corporate Philanthropy Awards
CPS	Corporate Philanthropy Survey
CSR	Corporate Social Responsibility
KSE	Karachi Stock Exchange
ICCI	Islamabad Chamber of Commerce and Industry
LCCI	Lahore Chamber of Commerce and Industry
Ltd	Limited
PBT	Profit before Tax
PKR	Pakistani Rupee
PLC	Public Listed Companies
PUC	Public Unlisted Companies
Rs.	Rupees
SECP	Securities & Exchange Commission of Pakistan

EXECUTIVE SUMMARY

Total donations by PLCs have been steadily increasing over the years; from Rs. 228 million in the 2000 to Rs. 4.8 billion in 2013

Figure 1 – Total Donation by Public Listed Companies, Pakistan: 2000 – 2013 (PKR Billions)



This annual report on Corporate Philanthropy in Pakistan is based on a survey of Public Listed Companies (PLCs), documenting the volume of philanthropy and examining trends and patterns of giving practices. The survey is tenth in the series conducted by Pakistan Centre for Philanthropy (PCP) and relates to the year ending 31st December 2013.

The objective of the survey carried out annually since 2005 is to better understand the dynamics of corporate giving, its relationship with other stakeholders, and to enhance public awareness about philanthropic attitudes and behaviours. It also brings to light the motivations and perceptions behind corporate philanthropy which have witnessed some major shifts during the last couple of decades. Companies, which were donating money as an extension of charitable interests of their corporate leadership, are now doing it as an integral part of their strategic business models. This study also contains rankings of PLCs in terms of their giving to highlight its immense potential for socio-economic progress. Corporate Philanthropy Awards (CPA) ceremony is subsequently held to acknowledge and recognize the contributions of the corporate sector for productive purposes and to identify the key achievements.

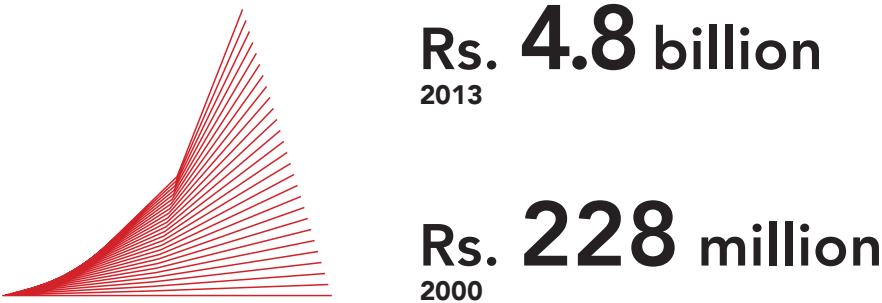
Though the Corporate Philanthropy Survey (CPS) covers only PLCs, which are a small segment of the whole corporate sector of Pakistan, it is encouraging to note that those companies have contributed generously to bring about benefits to those who are in need. It is also a welcome sign to see that total donations by PLCs have been steadily increasing over the years, from Rs. 228 million in the 2000 to Rs. 4.8 billion in 2013 (Figure 1). The estimates would be much higher if other components of the corporate sector such as unlisted and private companies were also taken into account. Corporate philanthropy has witnessed exceptional rise since the year 2005 which is the year when PCP conducted first CPS. It is important to note that companies do not report on in-kind and in-time donations that may be a substantial part of the overall philanthropic activities.

The first chapter of this survey report introduces corporate philanthropy, discusses its context in Pakistan and describes what PCP has been doing to promote corporate philanthropy. The second chapter elucidates the methodology, describes the universe as well as the sample, data collection of Public Listed Companies and validation, and study limitations. This report, being a sequel, has adopted almost the same methodology used in earlier studies for quantitative analysis. However, the qualitative review of top giving companies is presented in a different format than the previous survey reports.

The third chapter contains two parts; the first part highlights trends and patterns of giving in PLCs, while the second presents ranking of companies based on their volume of giving. The changes are explained through tables, charts and graphs. The fourth chapter includes a qualitative analysis of philanthropy in Cement sub-sector. Based on a survey conducted through semi-structured questionnaires and interviews with officials of the selected companies. Chapter five highlights the efforts of the top ten giving PLCs, five each from the two categories, i.e., donations in terms of volume, and as a percentage of Profit before Tax (PBT). Brief profiles of each of the top giving companies have been presented in this section highlighting their achievements, success stories, growth in donations, and suggestions on how to enhance effectiveness of philanthropy in Pakistan. Finally, chapter six presents summary and way forward.

KEY FINDINGS: 2013

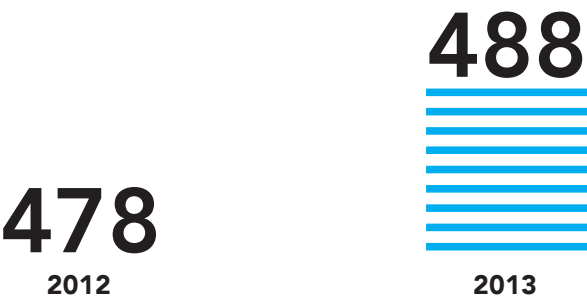
Total donations by PLCs



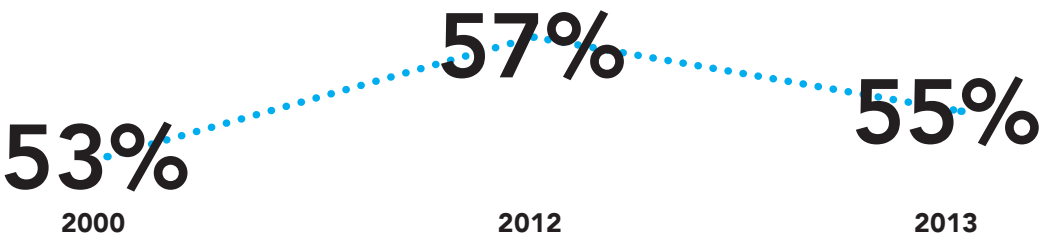
Percentage change in Total donations by PLC's in 2013



Increase in Total number of PLC's

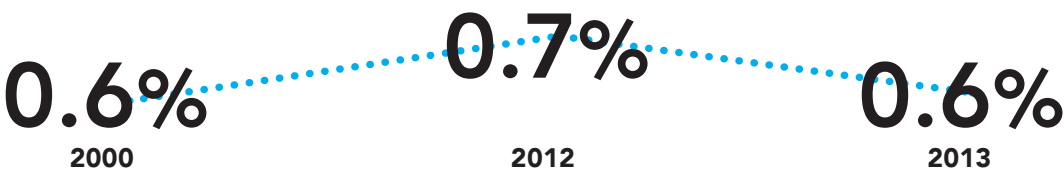


Percentage of PLCs involved in Giving

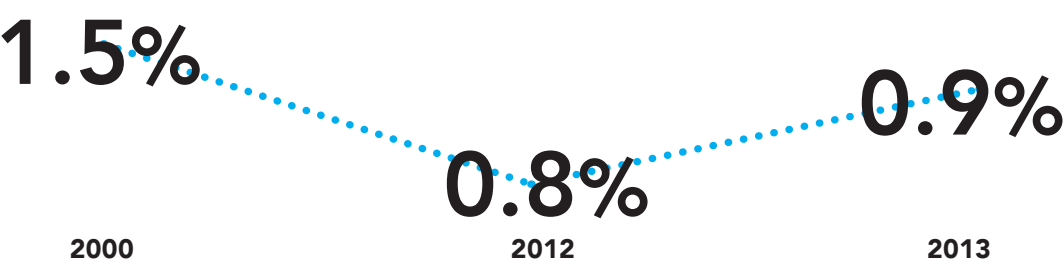


KEY FINDINGS: 2013

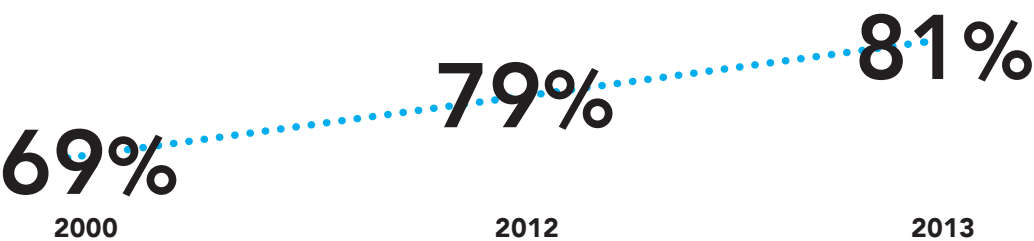
Percent of PBT Contributed by Total PLCs



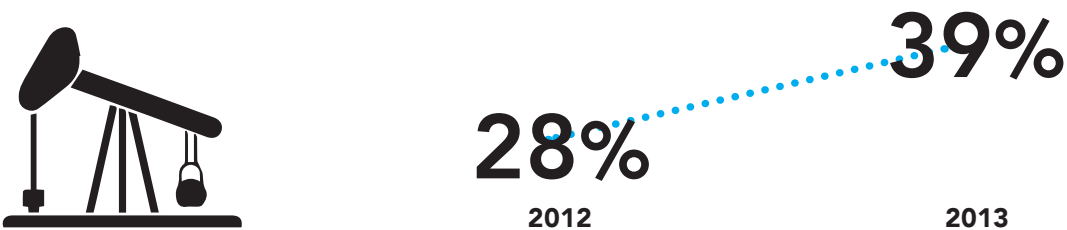
Percent of PBT Contributed by Total Top 25



Percentage share of Top 25 companies in Total donations



Oil & Gas industry is the largest contributor to total donations



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Corporate philanthropy (CP) is the act of giving where corporations donate a part of their profit and resources for the common benefit of the society. CP thus includes direct cash giving, foundation grants, stock donations, employees' time, product donations, and any other gift in kind.

01

Introduction

Corporate Philanthropy

Philanthropy in its original altruistic meaning is described as a voluntary, active, non-reciprocal effort by any entity with the sole intention of benefiting human beings or fulfilling an unmet social need, regardless of any specific return for the donor¹. Unlike charity, philanthropy is aimed at removing the root cause of a problem rather than curing the symptoms². Corporate philanthropy (CP) is the act of giving where corporations donate a part of their profit and resources for the common benefit of the society and should not be mixed with charity which, in most instances, is a spontaneous and unconditional support of the

needy. CP thus includes direct cash giving, foundation grants, stock donations, employees' time, product donations, and any other gift in kind.

The proponents of corporate philanthropy argue that corporations have prospered and grown both in size and resources in the societies that they operate in. Thus corporate citizens just like other citizens of a society have a responsibility to endeavor for overall societal betterment. The role of corporations in influencing contemporary life and enhancing social development has been acknowledged by corporate

management, academia, government officials, regulatory agencies and the public. In Pakistan the role of corporate sector is accentuated by the fact that people are inclined to give generously to the needy, and secondly, by the fact that government by itself cannot address the large social sector deficit due to fiscal and institutional constraints. As a result, a renewed emphasis and focus has emerged on promoting the volume and effectiveness of corporate philanthropy. This is the core mandate of PCP and the primary objective of this survey.

Corporate Philanthropy in Pakistan

Corporate sector in Pakistan has played a significant role by participating in endeavours to promote social development. It has demonstrated sufficient capacity to boost the volume of philanthropy and meet the ongoing challenges and expectations of various circles through involvement in various development initiatives. Initially started by Oil, Gas, and Chemical companies, corporate philanthropy or CSR is now a major management area in many industries including banking, healthcare, retailing, tourism, food, beverages, construction and materials³. Evidence revealed by the AKF study laid the ground for the establishment of Pakistan Centre for Philanthropy (PCP) in 2001 with a vision to strengthen partnership among business, civil society and the government for advancing social development in Pakistan. Its mandate is to increase the volume and impact of indigenous philanthropy and act as an intermediary

Evidence from the study on Philanthropy in Pakistan (Aga Khan Foundation, 2000) showed that an overwhelming majority (93%) of the corporate sector is engaged in philanthropy in one form or the other, and that has greatly contributed to meeting the social needs of people.

1. Schwartz, M.S., & Carroll, A.B. (2003). Corporate social responsibility: A three domain approach. *Business Ethics*, 13(4), 515.

2. Klaus, M. L., & Karin, S. (2006). *Corporate responsibility and corporate philanthropy*. University of Basel.

3. Crane, A., Matten, D., & Spence, J. L. (2013). Social responsibility in a global context. Available at SSRN: <http://ssrn.com/abstract=2322817>

support organization to facilitate building partnership between grant makers and grant seekers and enhance broad social understanding and awareness about philanthropy. In this context, PCP has been engaged in various activities such as strengthening civil society organi-

zations, action research on philanthropy, facilitating public-private partnership and information dissemination. To promote corporate philanthropy and its impact, PCP has been conducting Corporate Philanthropy Survey since the year 2004 and publishes its annual report

to highlight trends and patterns of corporate giving and acknowledge the contributions of top giving companies through Corporate Philanthropy Award ceremony.

Corporate Philanthropy Survey

The successive surveys on corporate philanthropy have brought to light the immense potential of corporate giving and its steadily increasing contributions for social development in Pakistan. It may be noted that Corporate Philanthropy Surveys have mainly focused on the donations made by Public Listed Companies (PLCs) only for which required information is readily available from their annual reports submitted to Security and Exchange Commis-

sion of Pakistan (SECP) and also from other sources such as companies' websites and Karachi Stock Exchange (KSE). Ideally, the survey should capture the entire corporate sector, but adequate and authentic information on giving by the unlisted and private companies is not available. It is expected that with the availability of more adequate and detailed data, PCP surveys will endeavour to capture the entire corporate sector in future.

Corporate Philanthropy Awards

PCP holds an annual Corporate Philanthropy Awards ceremony to acknowledge the invaluable contributions of the most generous giving companies for the betterment of society at large. The appreciation and awards, PCP believes, lend impetus to companies to move forward with greater devotion and enthusiasm in their philanthropic activities. Also, the event highlights the social services of specific companies and their success stories, thereby motivating others to follow suit.



The survey-2013 is the tenth in the series of corporate philanthropy surveys conducted by PCP. The primary objective of the corporate philanthropy survey is to gather information on the volume and effectiveness of corporate philanthropy in the country and document the giving trends and patterns, especially of Public Listed Companies and rank them in terms of volume of donations to recognize top givers.

02

The Survey

Methodology

A mixed approach, involving both quantitative and qualitative techniques, has been employed to gather information on corporate giving. The quantitative part covers information on the volume and spread of donations to estimate trends, patterns, and variations in philanthropic giving of various companies. Using information from previous surveys, a comparative analysis is done to portray changes between the years 2000-2013 with five year intervals and patterns of giving are explained through tables, charts and graphs.

For qualitative analysis, the focus is on Cement Industry in the current survey to have an in-depth understanding of the processes, management and giving practices of that industry. Information gathered through semi-structured questionnaires from 12 PLCs in the Cement sector is used to assess its giving patterns. In-person interviews have also been conducted with officials of some companies where needed.

The Sample

A total of 562 PLCs appeared as listed companies with Karachi Stock Exchange on December 31st 2013, which constitutes the universe for the purpose of this survey. The KSE website also displayed a list of 68 companies who failed to submit their annual financial statements by due date in 2013⁴. Besides, the list contained six Mutual Fund companies which do not participate in philanthropic activities and are, therefore, excluded from the sample. The remaining 488 PLCs thus constitute the sample for this study. The list of the PLCs has been further reconciled with the list available with SECP.

Data Collection & Validation

As practiced in the past, data on PLCs has been drawn from the annual reports submitted to SECP to acquire an updated list of companies containing information on total sales, Profit-Before Tax (PBT), and donations made during the financial year. The websites of the listed companies and KSE were accessed to get annual reports which were not available with SECP. Furthermore, data acquired from SECP showing incomplete figures and exceptional increase or decrease were cross-checked with data obtained through KSE website and companies' websites. The verified data was then compiled and recorded in worksheets for further analysis through tables, charts and graphs.

As a second step, letters were dispatched to all the companies asking them to verify the figures, e.g., sales/revenue, pretax profit, and donation, recorded against their names in PCP's files. The purpose was to ensure accuracy and authenticity of the figures collected through various sources. It may be mentioned here that annual reports do not always clearly show philanthropic contributions of companies. Though companies are required to disclose their philanthropy/CSR activities in their financial statements, both in figures and narration, but companies do so in different ways, making it difficult at times, to identify their actual philanthropic contributions. The verification process ensures that accurate figures are included in the survey. Data collection from PLCs is convenient and reliable as compared to Public Unlisted Companies for which availability and authenticity of information remains an issue to be resolved.

4. See Karachi Stock Exchange, Annexure 1, available at: http://www.kse.net.pk/scripts/communicator.php?f=annexure_sec201311.zip&l=tXt

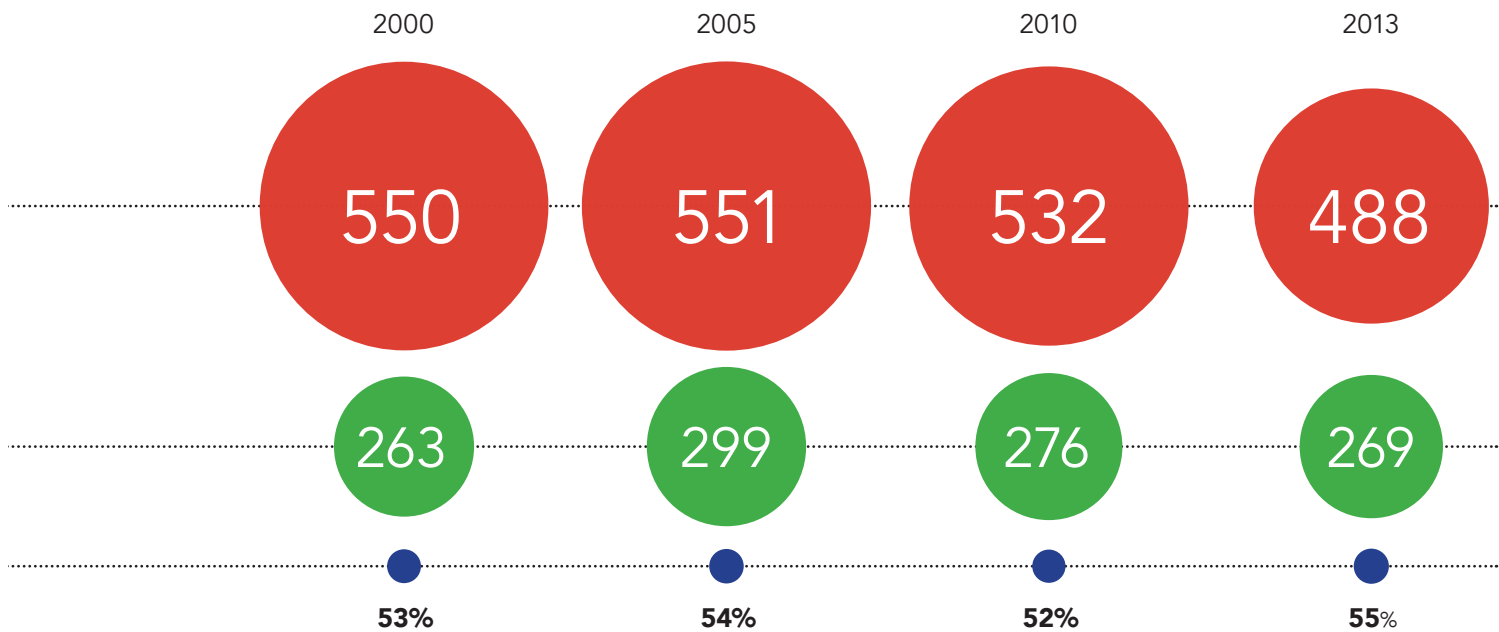
Limitations of the Survey

Research surveys never come without challenges and limitations despite all efforts made to ensure reliability of information. Some limitations of the survey while interpreting the results are:

- The trends and dimensions of corporate giving is not representative of the entire corporate sector which is much bigger than what CPS 2013 has captured by covering only the PLCs. The sample thus contains only listed companies mainly because of data issues of unlisted and private companies;
- The figures presented in this survey reflect only the monetary values of corporate giving. Companies do not report on “in-kind” and “in-time” giving, thereby limiting the possibility of documenting all types of philanthropic giving;
- Lack of clarity exists in the reporting pattern of PLCs on CSR activities despite instructions given by SECP to provide monetary as well as descriptive information about such activities in their annual reports. The pattern of reporting of philanthropic activities varies among companies, especially of those that fall under the ambit of in-kind philanthropy. A standard, unified format of reporting would not only facilitate data collection, but may also ensure a more realistic assessment of the total quantum of corporate philanthropy; and
- Companies selected from the cement industry for qualitative analysis and the top giving companies showed little interest in providing the required information for this survey. A great deal of effort was made and time spent to seek responses from those companies but only 7 out of 12 companies in Cement sub-sector, and 5 out of 10 top giving companies provided the required information.

Total PLC in the survey	●.....
PLCs involved in philanthropy	●.....
% of PLCs involved in philanthropy	●.....

Figure 2 – Public Listed Companies involved in corporate philanthropy: 2000 – 2013



Companies Involved in Philanthropy

This section presents salient results of corporate philanthropy survey-2013 of Public Listed Companies and compares them with previous survey results of the years 2000, 2005 and 2010 to examine trends and variations in the volume and patterns of giving over the period. Data on the number of PLCs involved in giving provides the basis to assess the prevalence of philanthropy in corporate sector. Figure 2 shows that the number of companies giving philanthropic donations stands at 269 for the year 2013 compared to 263 in the year 2000, indicating a modest increase over the years. Hence, the percentage of PLCs involved in giving

has remained around 50% except for the year 2006 with the highest estimate of 60% (drawn from CPS-2006) that may be attributed to the increased giving impulse created by the disastrous earthquake of 2005.

Corporate Philanthropy as 1% of Profit Before Tax (PBT)

There is no universal threshold level of how much a company should donate out of its profits towards causes of societal benefits, yet philanthropy as 1% of PBT is considered as a commonly accepted standard worldwide. Mark Benioff, one of the leading corporate philanthropists, pioneered the 1/1/1 integrated philanthropy model, by which companies donate 1 percent of its PBT, 1 percent of its equity and 1 percent of employee hours to philanthropic endeavors⁵. Pakistan's former Finance Minister (who later became prime minister) suggested in 2001

from PCP's platform that corporate sector should contribute at least 1 percent of their pretax income to philanthropic activities. At global level, companies often cite a link between business performance and giving budgets. As cited in Giving in Numbers 2013, a publication by Committee Encouraging Corporate Philanthropy (CECP)⁶, giving rate as a percentage of PBT is 1% at global level. The same rate is 0.96% for 60 companies out of the largest 100 companies in the FORTUNE 500.

Median Giving as a % of PBT (N=66)

2012	1.09%
2011	1.09%
2010	1.05%
2009	1.13%
2008	1.27%
2007	1.04%

Giving in Numbers - 2013

According to Giving Around the Globe, another publication by CECP, Asian companies performed much better in terms of giving as a % of PBT than companies from other regions. This is evident from the data collected from 60 companies, including 24 companies among the largest 200 companies by Forbes Global 2000, as shown in the Box.

CSR activity⁷. Such companies are not only required to constitute CSR committee within the board of directors but also ensure that the budgeted amount is spent on government approved CSR categories.

Spending on CSR/philanthropy is considered to be a voluntary decision of the companies in most countries of the world, but India has set itself apart by codifying CSR spending for targeted companies. According to Clause 135 of the Companies Bill, 2013 (effective from April 1st, 2014), it is mandatory that all companies with revenue greater than \$200 million, or profits of \$1 million, or net worth of \$100 million, to spend 2% of the average of the last 3 years profits towards

Region	Total Giving (Millions, USD)	Total Giving as a % of Revenue	Total Giving as a % of PBT
Asia	13.5	0.10%	2.42%
Europe	44.43	0.08%	0.91%
Latin American	20.83	0.14%	1.91%
N. American	60.30	0.18	0.90%

Giving Around the Globe

Asian companies performed much better in terms of giving as a % of PBT than companies from other regions.

5. An interview with Mark Benioff. (2001). New Frontiers in Doing Good. LEADERS, 34, 2.

6. The report is based on a survey of 240 companies including 60 of the largest 100 companies in the FORTUNE 500.

7. Kamal M.S. (2013). The "2%" impact of India's Companies Bill: Creative Capitalism for Development. Independent Skies Magazine.

In order to see where Pakistani companies stand against this benchmark, actual amount of donations have been juxtaposed against the expected 1% of PBT as shown in Table 1 below. As we can see, the total volume of donations by PLCs in absolute terms has increased tre-

mendously from Rs. 228 million in 2000 to Rs. 4.8 billion in 2013, indicating a twenty one times increase over a period of 13 years. However, actual donations taken as % of PBT show variations both upward and downward during the years 2000 - 2013. This percentage was as low as

0.3% in 2005 but increased to 0.8% in 2010. Since then, philanthropic contribution from PLCs in Pakistan has decreased reaching at 0.6% in 2013 indicating much lower than the expected amount estimated at 1% of total PBT as the standard.

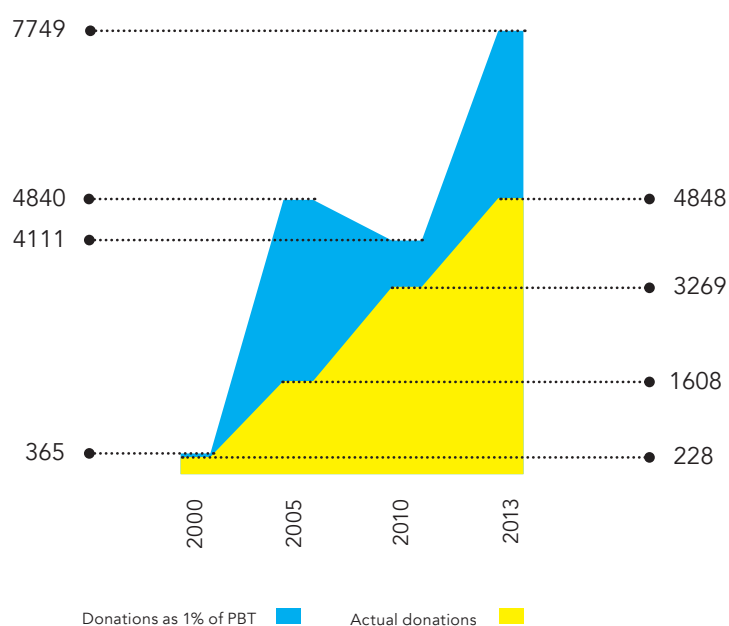
Table 1 – Total actual donations VS. expected as 1% of profit-before tax (PBT) (PKR million)

Year	Total PBT	Actual Donations	Donations as % of PBT	Donations as 1% of total PBT
2000	36,477	0.228	0.6%	0.365
2005	484,001	1,608	0.3%	4,840
2010	411,051	3,269	0.8%	4,111
2013	774,880	4,848	0.6%	7,749

The last column of Table 2 shows that how much additional resources could have been generated if the companies had donated 1% of their PBT as the standard. The estimates indicate that the actual donations of Rs. 4.8 billion in 2013 would have risen to Rs. 7.8 billion given the rate of 1% of PBT showing a difference of Rs. 3 billion as portrayed in Figure 3. It may, however, be noted that the total actual donations from PLCs for the years 2000–2013 are Rs. 28 billion which would have almost doubled at Rs. 47 billion if the 1% benchmark had been adhered to.

Figure 3 –

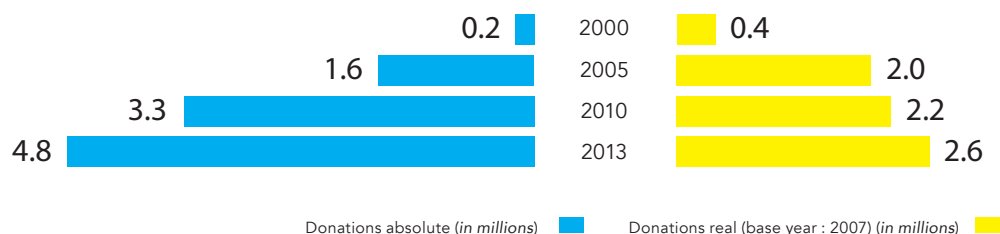
Corporate philanthropy, actual vs. estimated as 1% of PBT (PKR million)



Although corporate philanthropic donations have shown significant increase in absolute terms; this increment, however, is much lower in real terms after accounting for inflation over the period under study⁸. Taking 2007 – 08 as the base year and using that year's Consumer Price Index (CPI) to deflate

the donations, the real amount is estimated at Rs. 2.6 billion in the year 2013 indicating a seven times increase compared to twenty one times in absolute terms over a period of 13 years.

Figure 4 - Total donations in Absolute and Real terms (PKR million)



Corporate Giving Trends

In order to get a detailed view of trends and patterns of corporate philanthropy, companies are segregated into different categories based on the size of their giving (Table 2). The table shows that the number of companies contributing different amounts have increased in each category with the highest increase in category of more than Rs. 5 mil-

lion from just 12 in 2000 to 80 in 2013, indicating more than six-fold rise over a period of thirteen years. On the other hand, the number of companies making donations up to Rs. 1 million has shown almost 50% decrease from 220 to 105, and for no donations from 237 to 220 during the period 2000-2013. This may be reflective of the fact that

many companies have moved up to higher categories through their increased volume of donations. This trend is encouraging but it also points towards the fact that the major share of giving is borne by a limited number of companies in the absence of new entrants to the list of giving companies.

The number of PLC's donating **PKR 5** million and above increased from just **12** in 2000 to **80** in 2013.

8. Such an adjustment removes the component of change arising from prices, leaving only real changes in actual donations.

Absolute donations may also be deflated taking CPI 2000-01 as the base but trends would remain the same. Also, traditionally the most recent base year is used as it accounts for the most recent price changes and allows for a more realistic analysis.

Table 2 – Number of Public Listed Companies by spread of donations: 2000 – 2013

Size of Donation	2000	2005	2010	2013
Rs. > 5 million ⁹	12	63	59	80
Rs. 4 – 5 million	1	11	10	12
Rs. 3 – 4 million	5	14	18	14
Rs. 2 – 3 million	3	14	21	20
Rs. 1 – 2 million	22	21	32	37
Up to 1 million	220	175	136	105
No donations	237	253	256	220
Total PLCs (N)	500	551	532	488

Donations by Top 25 Giving PLCs

Given the fact that the number of companies making large philanthropic contributions have significantly increased over time, it would be worthwhile to look at donations by top 25 giving PLCs and examine their changing pattern of giving over the years. Table 3 shows that giving by top 25 PLCs has significantly increased from Rs. 158 million to Rs. 3.9 billion during 2000 to 2013. In terms of percentage of total giving, it is evident that the share of top 25 PLCs has steadily increased from 69% in year 2000 to 81% in 2013.

Table 3 – Donations by Top 25 giving PLCs: 2000 – 2013

	2000	2005	2010	2013
Donations Amount (PKR millions)	158	1,087	2,608	3,933
Average Donation Amount (PKR millions)	6	44	104	157
percentage of total giving	69%	68%	80%	81%

9. Equal or more than Rs. 5 million

Moreover, the average donation of top giving PLCs has increased from only Rs.6 million in 2000 to Rs. 157 million in 2013, indicating a twenty-six times increase over the years with the maximum jump from Rs. 44 million to Rs. 104 million during the years 2005-2010.

It may be noted that the number of top 25 giving companies is only 5% of the total PLCs in the sample but their philanthropic donations constitute 81% of total giving. All other companies representing 95% of the sample have shared only 19% of the total donations in the year 2013. Looking at the same ratio in the year 2000, it appears that the top 25 giving companies contributed 69% of total donations, while 31% was shared by the rest of the companies, indicating that top giving companies have shown greater commitment towards causes of societal betterment (Figure 5).

One possible explanation for the steady increase in the share of the top 25 companies is having an edge in operating large scale business and earning multi-million in annual profits. These companies also have established separate CSR programs that get incremental funding in annual budgets, usually irrespective of profitability. The smaller companies, on the other hand, do not have such structured programmes, and their CSR budgets mostly depend on profits of preceding years. Figure 6 portrays the overall trend in philanthropic giving by top 25 giving PLCs compared with rest of companies in the sample making it evident that the donations by top giving companies have increased more sharply since the year 2005 compared to the rest of companies, thereby widening the gap between the two categories in recent years.

Figure 5 - Philanthropic contributions by top 25 PLCs vs. rest of the companies

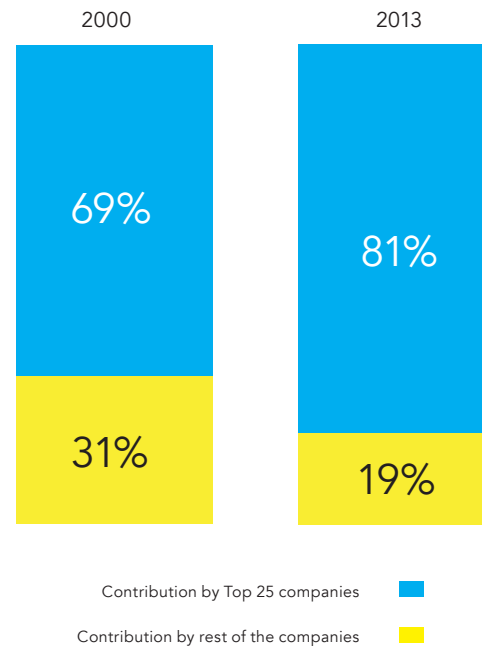
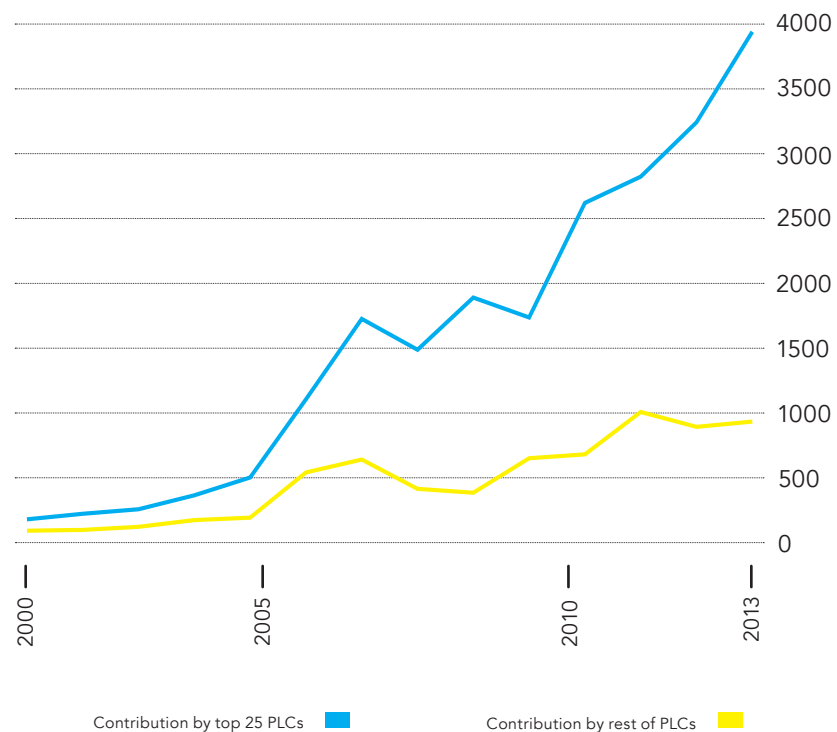


Figure 6 -

Trend in contribution by top 25 companies vs. rest of the companies (PKR million)



The number of top **25** giving companies is only **5%** of the total PLC's but their philanthropic giving constitute **81%** of total donations

Individual Ranking of PLC's

Ranking of companies on the basis of volume of donations simply gives a picture of the extent of resources directed by PLCs towards social development causes. Bigger companies with more resources and profits are able to donate large amounts in philanthropy, so they rank high on the given scale of volume of donations. Smaller companies, on the other hand, tend to go unnoticed even though they give a significant part of their profits for purposes of societal betterment.

The second criterion is meant to discount the size and sheer volume factor and takes into account the percentage of PBT donation in order to capture and highlight the efforts of smaller companies.

Table 4 shows that as per volume of donations, Pakistan Petroleum Limited (PPL) retains its position on top of the ranking list with Rs. 1070 million in the year 2013. The OGDCL has moved to the second position from 15th position in the previous year and HBL lost its 2nd position and moved down to 4th in this survey. Fauji Fertilizer Company Limited (FFCL) and Pakistan Services Limited (PSL) moved up to rank 3rd and 5th replacing Lucky

Cement and Mari Petroleum Ltd. in the list of top five giving PLCs for the last year.

It may be noted from Table 4 that all the five highest ranked companies, except PSL, are the ones with the highest income, validating the argument that the amount of philanthropic contribution has a positive correlation with the size of pre-tax earnings. In case of lower ranked companies, there are vast variances; some companies with huge pretax profits are contributing negligible amounts, while some others have given substantial donations out of small profits or even when there were losses. This variance is more evident in case of the last two companies, i.e., Hub Power Company which has donated just Rs. 30 million out of more than Rs. 9 billion pretax profits, while Services Industries Limited has given almost an equal amount out of much smaller profit of Rs. 747 million.

Based on the second criterion, donation as percentage of PBT for ranking of PLCs, Table 4 shows that there have been major shifts in ranking position of companies in 2013 compared to the preceding year. The first major notable change

is a significant overall increase in the percentage of PBT contribution by companies. The first ranked company has donated 32.6% of PBT in 2013, which is almost three times more than 11.7% of the highest ranked company in preceding year. Three other companies ranked at 2nd, 3rd and 4th position in 2013 have made higher percentage contribution than the first ranked company last year. Among the top ranked four companies, it is noteworthy that Dewan Farooque Spinning Mills Ltd. and Diamond Industries Ltd. were not included in the list of top 25 companies last year for the same category. Also interesting is to see that except PSL, none of the other top 25 givers as per volume of donations appeared amongst the top 25 givers as per percentage of PBT (Table 4).

Table 4 – Top 25 Giving Public Listed Companies: 2013 (PKR million)

Rank	As per volume of Donations		
	Company Name	PBT	Donation
1	Pakistan Petroleum Ltd.	62,735	1,070
2	Oil & Gas Development Co.	145,816	679
3	Fauji Fertilizer Company Ltd.	29,419	446
4	Habib Bank Ltd.	36,133	286
5	Pakistan Services Ltd.	1,259	225
6	Lucky Cement	11,701	208
7	Mari Petroleum Co Ltd.	3,488	110
8	Allied Bank Ltd.	14,931	80
9	Bestway cement Ltd.	8,681	80
10	Engro Corporation Ltd.	13,263	79
11	United Bank Ltd.	27,807	77
12	Indus Motor Company Ltd	4,970	63
13	National Bank of Pakistan	7,029	59
14	Nestle Pakistan Ltd.	8,113	53
15	Fatima Fertilizer Co	12,321	48
16	Fauji Fertilizer Bin Qasim Ltd	8,362	47
17	Faysal Bank Ltd.	2,161	46
18	Sapphire Textile Mills Ltd.	2,359	40
19	Bank Alfalah Ltd.	6,807	36
20	Habib Metropolitan Bank	5,117	35
21	Crescent Steel & Allied Products	1,163	35
22	Karachi Electric Supply Co	3,904	32
23	J.D.W. Sugar Mills Ltd.	1,311	31
24	The Hub Power Co Ltd.	9,389	30
25	Service Industries Ltd.	747	29

Rank	As per % of PBT			
	Company Name	PBT	Donation	% of PBT
1	Dewan Farooque Spinning Mills Ltd.	9.3	3.0	32.6
2	Diamond Industries Ltd.	12.7	2.6	20.6
3	Pakistan Services Ltd.	1,258.5	225.0	17.9
4	Leiner Pak Gelatine Ltd.	9.6	1.4	14.5
5	Pakistan Synthetics Ltd.	67.0	7.3	10.9
6	Gatron (Industries) Ltd.	228.6	21.6	9.4
7	Shield Corporation Ltd.	42.3	3.1	7.4
8	Dewan Textile Mills Ltd.	58.4	4.0	6.8
9	Karam Ceramics Ltd.	17.4	1.2	6.7
10	Resham Textile Industries Ltd.	349.0	23.4	6.7
11	HinoPak Motors	44.9	2.9	6.4
12	Shabbir Tiles & Ceramics Ltd.	130.9	7.4	5.7
13	TPL Trakker Ltd.	63.0	3.4	5.4
14	Bank Islami Pakistan Ltd.	308.2	15.7	5.1
15	Treet Corporation Ltd.	215.5	10.8	5.0
16	Reliance Weaving Mills Ltd.	548.6	24.2	4.4
17	Sally Textile Mills Ltd.	187.0	7.3	3.9
18	Al-Noor Sugar Mills Ltd.	126.3	4.9	3.9
19	Service Industries Ltd.	747.4	29.1	3.9
20	Tri - Pack Films Ltd.	318.1	11.2	3.5
21	Jahangir Siddiqui and Co. Ltd..	746.0	26.2	3.5
22	First Paramount Modaraba	16.4	0.5	3.2
23	Mari Petroleum Company Ltd.	3,488.5	110.0	3.2
24	Crescent Steel & Allied Products Ltd.	1,086.7	35.2	3.2
25	Crescent Textile Mills Ltd.	247.0	7.1	2.9

Giving by the sub-Sectors

To examine whether some of the sub-sectors of the corporate segment of the economy are more generous in philanthropy than the others, Table 5 presents and ranks subsectors as per their average donation.

Figures in Table 5 show that there are ten sectors where companies spend more Rs. 5 million, on average, for philanthropic activities. Among those, Oil and Gas sector is contributing the highest average donation, Rs. 157 million, followed by Travel and Leisure industry with Rs. 46 million. Oil, gas and chemical companies are the pioneers of CSR programs in Pakistan and also have been the most generous in giving as PPL has ranked first for most of years and has won awards and recognition for its contribution.

The second sector with the highest average donation is travel and leisure which has spent around Rs. 46 million on philanthropic activities in the year 2013. Five listed companies are operating in the sector but the major chunk of the total donations of the industry comes from PSL, the rest of the companies make small contributions. It may also be noted from Table 5 that commercial banking sector is ranked at third position with its donation of about Rs. 33 million, on average. Other sectors giving more than Rs. 10 million as average donation are Chemicals and Construction Materials (Cement). On the other hand, a number of companies in 14 sub-sectors have donated less than Rs. 5 million of which the least giving companies are those engaged in Equity Investment Instruments and healthcare equipment, donating much lower than one million, on average.

Table 5 – Average donations by sub-sectors - 2013 (PKR million)

Rank	More than Rs. 5 million	Number of Companies	Average Donation
1	Oil and gas	12	157.47
2	Travel and leisure	5	45.65
3	Banks	22	32.76
4	Chemicals	33	21.14
5	Construction & materials (cement)	31	11.61
6	Software and computer services	2	9.49
7	Automobile and parts	13	8.43
8	Industrial metals and mining	8	7.70
9	General industrials	12	5.23
10	Electricity	15	4.91
Less than Rs. 5 million			
11	Food producers	47	3.64
12	Non life insurance	19	3.12
13	Industrial engineering	5	2.63
14	Pharma and biotech	6	2.20
15	Household goods	9	1.88
16	Personal goods	159	1.82
17	Forestry and paper	4	1.81
18	Financial services	28	1.70
19	Life insurance	4	1.65
20	Electronic and electrical equipment	6	1.41
21	Beverages	3	1.28
22	Media	3	1.13
23	Healthcare equipment and services	4	0.63
24	Equity investment instruments	31	0.15

This section presents an overview and qualitative analysis of the giving patterns of cement sub-sector of Pakistan. The first part presents an overview of the cement industry, briefly describing its growth since independence of the country along with the sector's philanthropic contributions in terms of total as well as average donations. The second part presents the perception of the companies about philanthropy, CSR management and budgeting processes, preferred thematic areas for donations, and their suggestions for promoting philanthropy in the country.

04

Cement sub-Sector: **A Qualitative Analysis**

An Overview of the Cement Sector

Cement Industry is playing an important role in national economy as it creates employment opportunities to both skilled and unskilled manpower. It also makes significant contribution to national exchequer through taxes and earns foreign exchange through exports. Despite being the most energy-intensive industry within the Large Scale Manufacturing sector, its functioning has not been affected much by acute energy shortage as most cement manufacturing units have switched to coal energy resources since the year 2000¹⁰.

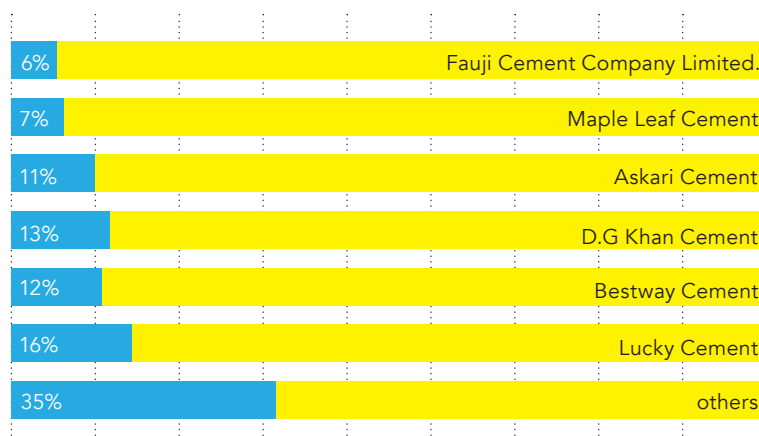
In 1947, there were only four production plants in cement industry with a total capacity of half a million tons in the area which now constitutes Pakistan, while the

demand at that time was estimated to be over a million tons. However, cement industry has shown a gradual progress over the years, and total installed capacity reached up to 3.3 million tons by the year 1969 with the establishment of 14 new manufacturing plants. The industry's growth was significant during 1990s, especially towards the end of the decade when its production capacity grew by 24% in the financial year 1997 – 98. The industry has further exhibited phenomenal growth as its total installed production capacity increased from 16 million tons in 2002 to 65 million tons in 2013, indicating more than four times increase over a period of twelve years. Surplus production started to be exported during 2000-2001. A rising trend in export

of cement products was recorded during the first eight years of the decade, reaching the peak of about 11 million tons during 2008-09. However, there has been a decline in cement exports in recent years as just 2 million tons of export was recorded during the year 2012-13¹¹. The utilization ratio has mostly remained in the range of 70-80 % since 2001-2002.

All Pakistan Cement Manufacturers Association (APCMA) is the voluntary association of the companies in the industry that has some 19 members. Some of the major players in the industry and their respective market shares are portrayed in Figure 7.

Figure 7 – Market share of cement sector PLCs



Philanthropic Giving by Cement Industry

There were 18 PLCs engaged in cement industry by the end of year 2013 which constituted 3.9% of the active companies listed on KSE at that point of time. A list of the companies with their PBT and donation amount during the year 2013 is given in Table 6.

As the table shows, out of total 18 companies, some 6 companies are not involved in any kind of philanthropy as reflected by their annual financial statements¹². The non-giving companies were excluded from the survey,

thereby, reducing the size of the sample to 12 companies for further analysis.

10. See Pakistan Economic Survey 2013 - 14

11. See <http://www.apcma.com/index.html>

12. No amount for donations was printed in their Annual Financial Reports

Table 6 – Donations by Cement sector Public Listed Companies in 2013 (PKR million)

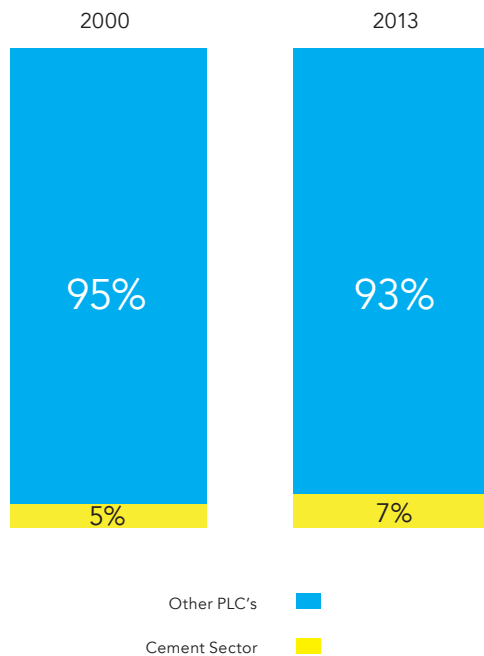
No.	Giving Companies	PBT	Donations	% of PBT
1	Lucky Cement	11,700	209.00	1.78%
2	Bestway cement Limited	8,681	79.55	0.92%
3	Fauji Cement Company Limited.	3,085	22.50	0.73%
4	Attock Cement Pakistan Limited	2,676	5.12	0.19%
5	Lafarge Pakistan Cement Limited	1,201	4.50	0.37%
6	D. G. Khan Cement Company Limited	7,025	3.74	0.05%
7	Fecto Cement Company Limited	705	2.76	0.39%
8	Thatta Cement Company Limited	257	2.70	1.05%
9	Cherat Cement Company Limited	1,582	2.38	0.15%
10	Maple Leaf Cement	3,162	1.35	0.04%
11	Kohat Cement Company Limited	3,769	0.40	0.01%
12	Zeal Pak Cement	(394)	0.13	-
Non-Giving Companies		PBT	Donations	% of PBT
13	Dadabhoy Cement Industries Limited	(118)	-	-
14	Dewan Cement Limited	422	-	-
15	Flying Cement Company Limited.	30	-	-
16	Gharibwal Cement Limited	1,066	-	-
17	Pioneer Cement Limited	2,248	-	-
18	Dandot Cement Company Limited	-463	-	-

2013

Cement sub-sector ●.....

Average donation ●.....

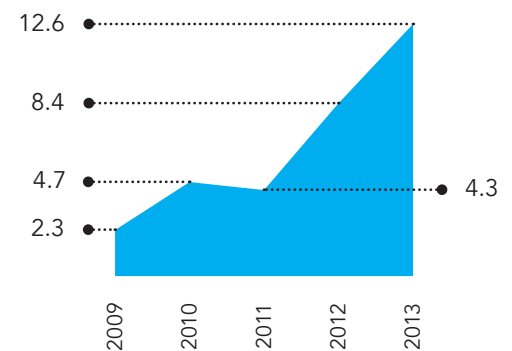
Share in total donations ●.....

Figure 8 – Share of Cement sector PLCs in total donations

Cement industry has been making significant contribution to the donation pool from Pakistan's corporate sector. It contributed 7% of the total donation amount in 2013 as compared to 5% in the previous year – an increase of 40% within a year (Figure 8). It is pertinent to note that KSE clubs companies engaged in cement manufacturing with those involved in producing other construction materials to form a sub-sector named, "Construction and Materials (cement)"¹³.

Figure 9 -

Average Donation of the Construction and Materials sub-sector (PKR million)



• Ranked **5th**

• **11.6 million**

• **7%**

Donation taken as percentage of PBT is another important indicator that highlights a sector's commitment towards causes of common good. The overall percentage of PBT donation for cement sector companies is recorded at 7% as against 6% for all PLCs in the sample in 2013.

13. There were 31 PLCs under the subsector, Construction & Materials (cement), as on December 31st, 2013. Other construction materials include, for example, paints, glass, ceramics, etc.

Qualitative Analysis

For qualitative analysis of philanthropy in cement sector, semi-structured survey questionnaires were sent to all the 12 giving companies to obtain information on philanthropic donations as well as their perceptions about CSR/philanthropy, preferred thematic areas, channeling their philanthropy funds, and their views on the role of

the state in providing an enabling environment for philanthropy in the country. During follow up telephone calls, 3 of the companies did not wish to participate in the survey. Out of remaining 9 companies, 5 companies responded within the stipulated time period. In addition, in-person interviews were conducted with 2 companies, making the

response rate of 60% with a total of 7 PLCs covered in the cement sector. Based on the qualitative information gathered from the questionnaires and interviews, the analysis on various issues related to philanthropy/CSR is presented in the following section.

1. Role of the Corporate Sector in Social Development

All the companies interviewed agreed that it is important for the corporate sector to identify its appropriated role in solving social problems of the country, and that philanthropy has a direct bearing on social development. While describing the connection between philanthropy and social development, one of the companies responded as: “When companies donate funds for issues such as waste

management, sustainable environment, health, and education, these are all connected to social development.”

Regarding a question about the concept of CSR, the respondents broadly agreed on two main descriptions. About 40% of the companies view that CSR is like operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations

that society has of businesses. On the other hand some 60% of the respondents said that, “it is a business’s giving back to society”. Despite being aware of the importance of CSR, about half of the companies indicated that there are no written guidelines and policies with regard to decisions and operations of their activities for social development.

2. Management of Corporate Philanthropy / CSR

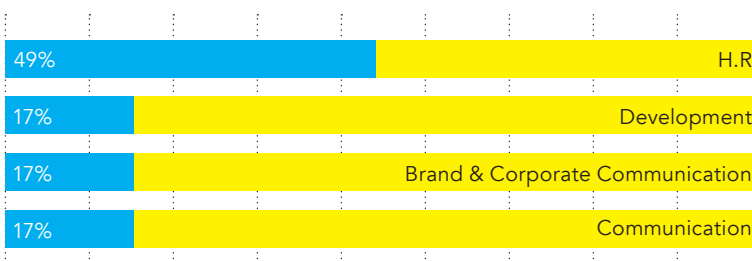
All the companies have indicated that there is a Board level responsibility for decisions regarding philanthropic activities, but none of the companies has separate Board Committee to oversee and manage matters related to philanthropy or CSR. Some of the officials named as being responsible for CSR activities in their respective companies are; CEO of the Company, Management Representative, Executive Directors, etc.

The responses from companies in cement sector indicate that the philanthropic activities are managed differently, but not a single company has formed a separate department or allocated resources to exclusively manage philanthropy. Having specific programmes

and planning on philanthropy are not the primary focus of whichever department is managing them, but are just an added responsibility given to HR or management staff. The distribution of companies according to the departments with the responsibility to manage philanthropy/CSR is portrayed in

Figure 10 which shows that in half of cement sector companies, HR is given the additional responsibility to manage philanthropic activities, while the other half manage their philanthropy through various other departments.

Figure 10 – Departments responsible to manage philanthropy



3. Budgeting for Philanthropic / CSR Activities

For majority of the companies in cement sector (85%), the decision on how much budget to set aside for philanthropy primarily depends on the number and nature of ongoing as well as upcoming projects. The Board of Directors (BoD) is the apex body which reviews and approves the amount to be spent on social development activities but, of course,

such spending is linked with profits earned in previous year or expected to be earned in the coming year. As discussed earlier, none of the companies interviewed has a separate Board Committee to deal with CSR or philanthropy matters; hence individual officials like the CEO or Management Representative deals with related budgetary issues.

In response to a question on any compulsion by All Pakistan Cement Manufacturing Association (AP-CMA) or by any other regulation to set aside an amount for social development causes, all the cement companies denied the existence of any such compulsion or regulatory law.

4. Channeling the Philanthropy Funds

With regard to their preferred channel for giving, one company responded in favor of partnership with CSOs, while the rest of them said they would prefer to manage it through their own setup. Also,

only one company mentioned about directing their funding through the government as their second preference after using their own setup first. However, it is important to note that all companies agreed that if gov-

ernment identifies and requires any social cause to be promoted, they would be willing to make contributions towards it.

5. Preferred Thematic Areas

It is important to examine how the donations of cement sector companies are spent and for what causes. The analysis shows that education and economic development are the areas that are preferred by majority of companies in this sector. Education is the highest priority area for three companies, while two companies prefer economic development as their first choice. Other companies interviewed also expressed their preference for education but only in the second or third place. Among other areas, health and environment have been mentioned as the first choice by one company each. The percentage distribution of companies by their preferred thematic areas in presented in Figure 11 showing that 72% of companies in cement sector prefer to donate in education and economic development related activities.

Describing the reasons for the top priority given to education and economic development, majority of respondents stated that development in these areas would ultimately ensure societal prosperity. They say, “An educated child is expected to be able to achieve a decent living not only for themselves but for their families as well.” Another respondent stated that, “quality education

is fundamental for a strong and vibrant society but this aspect has long been neglected, especially in rural areas.”

Figure 11 – Preferred thematic areas for donation



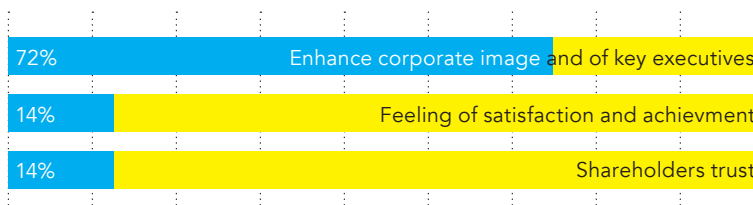
6. Disclosure of Philanthropic / CSR Activities

As required by SECP¹⁴, all the companies agreed with the concept and importance of CSR disclosure but they described different reasons as motives behind such disclosure.

CSR activities. And, one other company believes in building shareholders' trust as a motive behind CSR disclosure.

As depicted in Figure 12, majority of the respondents (72%) say that they want to gain enhanced corporate image and influence of the key executives from disclosure of their philanthropic/CSR activities. One company considers that it is the feeling of satisfaction and achievement that it achieves while disclosing its

Figure 12 – Motives behind CSR Disclosure



7. Role of the State

The companies were unanimous in expressing that the government can play an active role in providing an enabling environment for philanthropic activities. Some suggestions put forward on how government can play an enabler's role in improving effectiveness of philanthropy are as under:

Government should provide generous tax incentives for companies engaged in philanthropy/CSR activities, especially in geographical areas or in social sectors that need more attention. Awareness needs to be raised in the overall corporate sector about such tax incentives

More desirable results can be achieved if the government identifies and advocates for certain development issues and seeks support from the corporate sector to resolve them.

Government should establish a separate unit in Federal Bureau of Revenue (FBR) to exclusively deal with cases of tax exemptions. The staff serving at the unit should be well informed of the policies as some companies mentioned the issues faced in processing of their claims.

The PLCs in cement industry also agree on the point that their efforts should be recognized and appreciated at government level. Awards and prizes, they say, would be a good way to acknowledge their contributions towards societal betterment.

14. See Companies (Corporate Social Responsibility) General Order, 2009 available at: <http://www.secp.gov.pk/corporatelaws/pdf/CSR.pdf>

**Every dollar makes a difference
and that's true whether it's Warren
Buffett's remarkable \$31 billion
pledge to the Gates Foundation,
or my late father's \$25 check to
the NAACP.**

- Michael Bloomberg -



05

Leaders in
**Corporate
Philanthropy**

The earlier analysis has shown that more than 80% of donations are made by the top ranking 25 PLCs which constitute only 5% of the total sample. The list of top giving PLCs is further shortened to iden-

tify only top five companies in each category, i.e., donations in volume and as percentage of PBT, in order to give recognition to the leaders in the area of philanthropy. This also serves as the basis for Corporate

Philanthropy Awards ceremony which has been a regular activity at PCP for the last many years. The top five companies for the year 2013 are as follows.

As per volume of donations

1	Pakistan Petroleum Ltd.
2	Oil and Gas Development Ltd.
3	Fauji Fertilizer Ltd.
4	Habib Bank Ltd.
5	Pakistan Services Ltd.

As per percentage of PBT

1	Dewan Farooque Spinning Mills Ltd.
2	Diamond Industries Ltd.
3	Pakistan Services Ltd.
4	Leiner Pak Gelatine Ltd.
5	Pakistan Synthetics Ltd.

In the CPS 2013, a short specifically designed questionnaire was sent to top ten companies to seek information on their philanthropic activities. Despite constant follow up and phone calls, only five companies sent back information on the prescribed form. Based on

the information provided by the companies, their brief profiles are presented subsequently to give at-a-glance picture of their philanthropic endeavours including key achievements, success stories, future plans and suggestions to improve corporate philanthropy in Pakistan. This

changed format of presentation of analysis of philanthropy in top ten companies in the present report is also meant to avoid repetition which was expected to surface in cases of at least six of the ten companies that were included in CPS reports of previous years.



PAKISTAN PETROLEUM LTD.

The pioneer of the natural gas industry in the country, Pakistan Petroleum Limited (PPL) has been a frontline player in the energy sector since the mid-1950s. As a major supplier of natural gas, PPL today contributes over 20 percent of the country's total natural gas supplies besides producing crude oil, Natural Gas Liquid and Liquefied Petroleum Gas.

PPL's Corporate Social Responsibility (CSR) programme dates back to the start of its commercial operations in Sui in the 1950s when the company established

a school for children of workers and local communities. Since then, CSR has been the centrepiece of PPL's corporate ethos. In 2001, the PPL Welfare Trust (PPLWT) was founded to provide geographic and thematic diversity to the company's CSR programme, which includes education, health, infrastructure development, socio-economic uplift of disadvantaged communities, particularly those living in and around its operating areas, and post-disaster rehabilitation.

Philanthropic Achievements in the Year 2013

- Commenced operation of PPL Public Welfare Hospital that provides free consultation and treatment
- Surgical Eye Camps organized at Sui, Dera Bugti, Kandhkot and many other areas providing free consultation and medicine to 1500 average beneficiaries
- Mobile Dispensaries operated for the communities living close to PPL fields at Mazrani, Kandhkot and Sui with health care facilities to about 80,000 patients.
- 100 female youth trained at Women Vocational Training Centre Mastala, District Rawalpindi
- Supported the Institute of Special Children, Quetta to purchase 100 Frequency Modular (FM) systems for hearing impaired children
- Over 130 (700 since the establishment) male students studied advance level computer courses at Computer Training Centre Cum Library (CTCL), Sui
- Over 90 PPL scholarships awarded to youth (male/female) from District Dera Bugti, Kashmore, Sanghar, Kamber-Shahdadkot and Tehsil Gujjar Khan for professional degrees



Success / Innovative Story

Pakistan Petroleum Limited (PPL) has installed solar energy system on an existing water supply scheme that provides water to nine villages of Tehsil Somiani, District Lasbela, Balochistan.

Jherai, an arid area between Winder and Uthal has a population

of over 10,000. The existing water supply scheme was constructed by PHED in 1989. Due to lack of power pumping water was supplied for only one and half hours a day, which hardly met the needs.

With the installation of cost effective and environment-friendly solar energy system worth Rs.3 million,

the residents of villages Imam Bux, Sakhi Dad, Allah Bux, Mir Lakho Baloch, Haji Saleh Mohammad, Hamza Goth, Jaffer Goth, Abdur Rahman Douda, Jamia Masjid Noorani and other neighboring villages are now getting water throughout the day.

Future targets / plans

- Construction of 8.3 km long road from Indus Highway to village Punhal Golo, Taluka Kandhkot, District Kashmore in progress. After completion of this project, communities living around the areas will greatly benefit and will have smooth access to market for transportation of their produce.
- Develop water reservoir at Union Council Jungshahi, District Thatta with a capacity to store approximately 2 million gallons of rain water. The dam will prevent destruction of

low lying lands, provide water which will improve ecosystems in the area, recharge water wells and regenerate herbs and trees etc, increase wildlife and provide water for livestock consumption besides support to agricultural activities in the nearby lands.

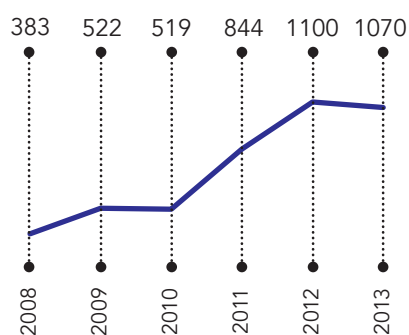
- Plantation of different species of trees on an area measuring 430 acres at forest lands of Kandhkot forest to enhance wood production and protection of the environment.

Suggestions

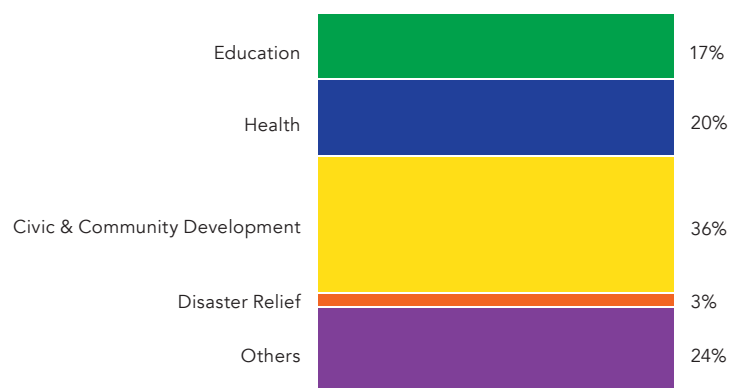
The following measures would prove beneficial:

- Companies should identify need based projects.
- Should ensure sustainability.
- Projects should be of mass benefit.

Growth in Philanthropic Contribution (PKR million)



Thematic Areas





HABIB BANK LTD.

Habib Bank Limited (HBL) is one of the largest banks in Pakistan with over 1500 branches across the country. HBL's corporate social responsibility approach is all about assisting local communities. It has established HBL Foundation as an exclusive platform to deal with CSR activities. The core objective of the Foundation is

to support and promote charitable, social, educational and community welfare organizations through sponsorship, donations and grant management activities. However, CSR policy is flexible, as some contributions are required due to urgent need especially in case of disaster relief.

HBLF, in its sponsorship & donation policy follows an annual disbursement criterion as under:

- At least one third to government or semi-government organizations
- At least one third to institutions related to the sponsors of HBL
- The remainder is disbursed to non-government organizations and not-for-profit organizations.

Philanthropic Achievements in the Year 2013

- Contribution of Rs. 205 million to the health sector, Rs.87 million to education sector, Rs. 34.4 million for disaster mitigation and Rs. 15 million for poverty alleviation purposes
- Donation to The Citizens Foundation that will help them to open education doors to 126,000 students at 910 schools
- Donation to Aga Khan Planning and Building service for their project titled "Building Resilient Communities in the Marginalized Mountain Regions of Northern Pakistan
- Donation to Ganga Ram Hospital in Lahore to provide treatment to poor dialysis patients
- Sponsored the construction of Faculty of Computer Science (FCS) building at IBA Karachi
- Sponsored the purchase of medical equipment for LRBT eye hospitals in various cities of Pakistan



Success / Innovative Story

The HBL Foundation provided donation to the Institute of Business Administration (IBA), the oldest business school in Pakistan, for renovation and upgrading the Faculty of Computer Science Building at city campus, Karachi which has been completed and dedicated as IBA-HBL Academic Center. The Faculty of Computer Science was

originally established in 1983 and offered diploma in System analysis to overcome a shortage of software professionals in Pakistan. With the newly built state of the art facilities the faculty is now offering various degrees including PhD in different disciplines. The building comprises of the following facilities;

- Hardware lab
- Computing Lab
- Computer Lab
- Faculty Offices
- Network Lab
- Class rooms
- Sciences Lab
- Robotics Lab

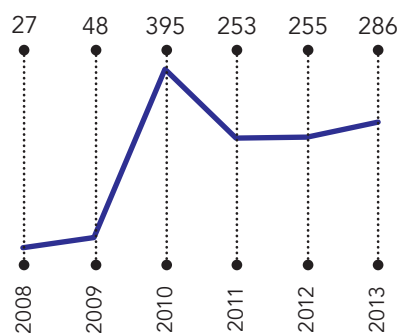
Future targets / plans

- Will continue its efforts to work for the un-served segments of the society and ensure that less privileged are supported and encouraged
- 60% of people live below poverty line, HBLF will put more resources in projects that can alleviate poverty and improve the lives of common people of the country
- One-third of the 20 million primary school age children are out of school, more efforts will be directed towards improving the situation
- Pakistan faces high child and maternal mortality rate due to lack of adequate nutrition, efforts will aim at providing low cost health facilities to the masses

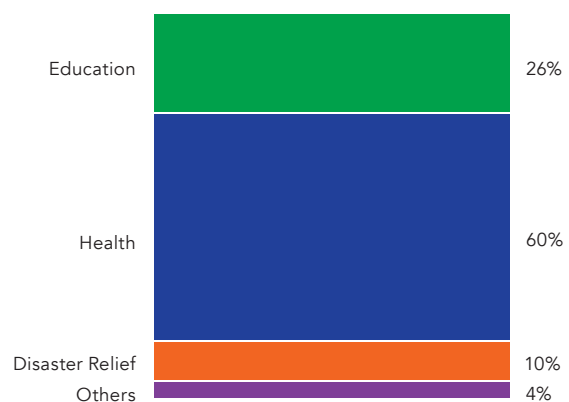
Suggestions

- Philanthropic/CSR initiatives should be publicized through newspapers, electronic media
- Employees should be encouraged to participate in philanthropy
- Philanthropy funds should be directed towards health, education, housing, poverty alleviation, rural development, socio economic development

Growth in Philanthropic Contribution (PKR million)



Thematic Areas





FAUJI FERTILIZER COMPANY LTD.

FFCL is one of the largest producers of fertilizers in Pakistan. At FFCL they say, “We believe on giving back to the community from where we derive our strength and resources”. FFCL stands out to be the pioneer of CSR and sustainable practices in Pakistan with its interventions started as early as 1982.

With the passage of time, CSR interventions at FFC have been diversified and aligned with global standards, including United Nations Global Compact and its 10 principles for responsible and sustainable development. Driven by this, the company’s interventions today can be traced across Pakistan in sectors including education, healthcare, poverty alleviation, community awareness, sports promotion, disaster relief, and environment conservation etc.

Philanthropic Achievements in the Year 2013

- FFCL-FC College Collaboration for the sponsorship of 70 Students for graduate and undergraduate programmes (complete degree support of Rs. 2 million)
- Cardiac surgery operation theater at Sheikh Zayed Hospital, Rahim Yar Khan (Rs. 25 million)
- Donation of X-Ray machine to Hazrat Bilal Trust Hospital (Rs. 8 million)
- Phase 1 of multipurpose hall at Technical Training Center Dharki (Rs. 11 million)
- Up-gradation of FFC Community School (Sona Public School) to college level (Rs. 22.68)



Success / Innovative Story

FFC has built a multifaceted, state of the art community welfare complex at Kot Ghulam Muhammad, Mirpur Khas. The project which was completed at a cost of Rs. 335 million has Model schools, dispen-

sary/health centre, training and commercial centers. The complex has a unique model of electricity with solar unit to power the primary need and add to conservation of energy. Also, the cooling unit has

been designed for low consumption and maximum impact. The complex will be operational by the end 2014 and will serve the population of underprivileged natives of the district.

Future targets / plans

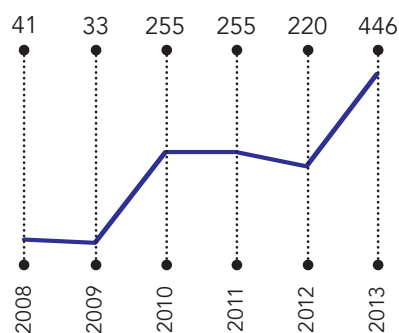
- Establishment of Burn Unit at Sheikh Zayed Hospital, Rahim Yar Khan
- Donation and construction of multipurpose hall, Technical Training Centre Dhark
- Construction/rehabilitation of Government High School for boys, Mirpur Mathelo
- General Mushtaq Baig Educational City, a project of Falah Foundation
- Community uplift and support programme for Jhimpir, Mirpur Mathelo and Goth Machhi

Suggestions

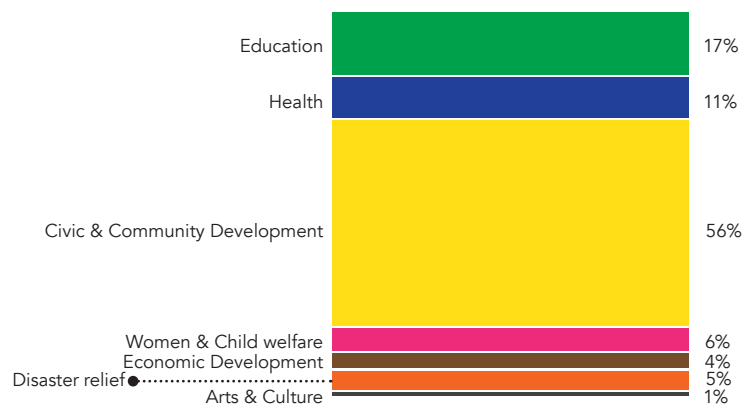
Government of Pakistan may designate a specified ministry that will:

- Deal with organizations engaged in corporate philanthropy/CSR
- Serve as a benchmark for capacity building of those organizations, and
- Formulate policy framework for relation between public and private sector in the future

Growth in Philanthropic Contribution (PKR million)



Thematic Areas





PAKISTAN SERVICES LTD.

Pakistan Services Limited (PSL) is in the corporate world for more than 50 years. Shares of PSL are quoted on the Karachi Stock Exchange Limited. The Company is principally engaged in the hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan. Currently, PSL owns six luxury hotels in all major cities of Pakistan and all its hotels enjoy unique standing in the market.

The aim of PSL, besides earning profit for its shareholders, is to achieve financial independence and self-re-

liance for individuals, families and communities. It believes that acting responsibly within society involves making investment in healthcare, education, vocational training, rural development, environment conservation and strengthening the civil society. The main focus of PSL's corporate philanthropy is to concentrate on human resource development of the type that empowers the marginalized population of the society. In line with its objectives, PSL supports different organizations which are leaders in programmes of social development.

Philanthropic Achievements in the Year 2013

- Contributed Rs. 225 million which is a 71% increase from last year
- Continued support for projects of economic development such as Honey Bee Farming of Hashoo Foundation
- Continued support of an educational project for handicapped children in Islamabad
- Donated to Sahara Foundation, a PSL sponsored organization to take care of the families of people who died in terrorists' attack on Marriot Islamabad
- Donated to AKDN, Hashoo Foundation, SKMTH, and participated in many other activities in education, health sectors and disaster relief activities.



Success / Innovative Story

PSL has been a major donor of the Women's Empowerment through Honey Bee Farming Project (Plan Bee) initiated by Hashoo Foundation to expand employment opportunities through the sale of high-quality honey produced in Northern Pakistan. The project addresses the discrepancy between the income earned by male and female

beekeepers by educating the women in beekeeping and linking them to profitable markets.

To date, "Plan Bee" has trained 642 women in honeybee farming and developed honey value chain of the micro-entrepreneurs. Courses, which are taught in the local languages, cover all aspects of beekeep-

ing, including beehive management, the extraction process, hygienic packaging, and transport of beehives, logistics and marketing. 1,727 beehives have been distributed and 31,000 kg. (68,343 lb.) of honey produced and sold to the market. More than 1,000 girls and boys are now attending quality schools as a result of this project.

Future targets / plans

- PSL tries to invest its philanthropic funding in projects that can be sustained in the long run. Training programs on Honey Bee Farming and Marble Polishing by Hashoo Foundation are the kind of projects that have produced continued economic benefits for the people.
- Another area where PSL might invest in the future is training programmes in Hospitality industry. The recipients of such trainings could be easily accommodated in the hotel industry of the country including PC Hotels.

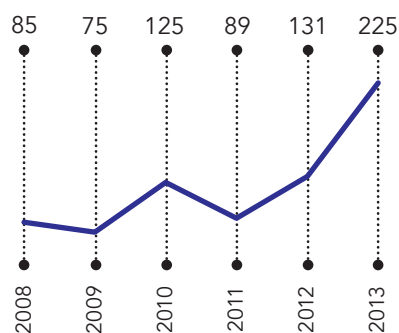
Suggestions

- PSL believes that it is the government who should come forth and steer the process of corporate philanthropy in the country. Government may set the agenda or the focus areas for each year or a specific time period and suggest the same to the corporate sector to direct their philanthropic contributions.
- Public Private Partnership may be a good model in this regard. Such an active role from government side will not only create synergy among the

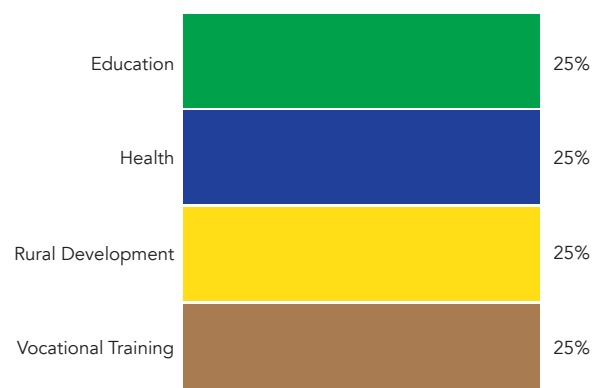
activities but will also help the giving companies to readily find channels to use their allocated resources.

- One of such initiatives may be that corporate sector be encouraged to provide sporting facilities in schools as the later badly need such facilities.
- Also, the government may encourage companies engaged in CP by increasing the tax incentives as well as giving them recognition via prizes, awards, etc.

Growth in Philanthropic Contribution (PKR million)



Thematic Areas





LEINER PAK GELATINE LTD.

Leiner Pak Gelatine Ltd is a Public Listed Company established in 1983 in collaboration with P. Leiner & Sons Great Britain Ltd. This was the first project to produce “HALAL” Gelatin throughout the Muslim world with the capacity of 3000 metric ton annually.

With regard to CSR the company is well aware of its responsibilities to contribute in projects of social, economic, environmental and educational uplift of the society. The company also believes that we are an integral part of the society in which we operate; hence our continuous support can be of help to bring about positive changes in the community.

Philanthropic Achievements in the Year 2013

- Increased philanthropic contribution by 175%
- Donated to LABARD for the purpose of rehabilitation of disabled (handicapped) persons
- Provided food packages to about 1000 poor people on daily basis during the month of Ramadan
- Contributed funds to reputed hospitals, including SKMTH, to be used for treatment of needy patients
- Contributed its share in the pools of funds of Lahore Chamber of Commerce (LCCI) for people affected by natural disasters



Success / Innovative Story

Leiner Pak Gelatin takes pride in one of its initiatives where it provides medical support to needy persons in the community. To follow a transparent selection and to weed out the undeserving cases, the company has put in place its own

unique control system. In the first place, the assistance-seeking individual is asked to share the doctor's prescriptions or specify the list of medicines. No payment is made to the beneficiary rather medicines are distributed directly. Where possible,

e.g., in bottles with protective seals or other packaging, which can be safely removed, the protective seals and packaging is removed to ensure that the medicines are not taken for resale purposes.

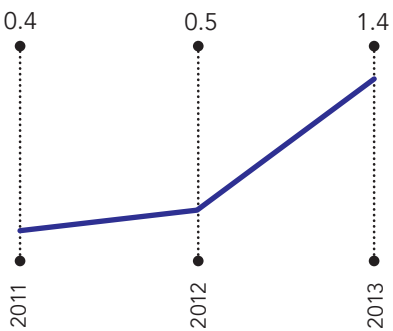
Future targets / plans

Our manufacturing facility is situated in Kala Shah Kaku, District Sheikhpura and is surrounded by areas of rural population. As is the case with other rural parts of the country, the area is lacking proper medical facilities, resulting in great sufferings for the residents. As a part of our future plans, we intend to regularly organize medical and eye treatment camps for the community.

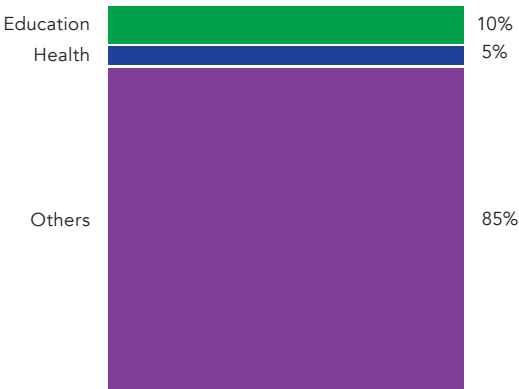
Suggestions

- Companies should support disabled/handicapped people as part of their philanthropy
- Generous incentives should be given by the Government to those organizations which are extending their support in uplifting community's living standard

Growth in Philanthropic Contribution (PKR million)



Thematic Areas



06

Summary and Way Forward

The dynamics of philanthropy have overtime been modified with the changing business paradigm in the world. Earlier, philanthropy by the corporate sector was primarily practiced as an extension of the good motives of the leaders and owners of business entities. Towards the end of twentieth century, philanthropy not only changed in its meaning and composition, but also in the motives that drive it. Philanthropy, also considered as a synonym to strategic philanthropy or corporate social responsibility, is now done not only out of altruistic feelings but also as part of business strategies. Companies that make efforts to advance societal betterment not only gain loyalties of consumers and get an edge over competitors in building their brands, but also benefit from the fact that employees prefer to stay with such companies for a longer period.

Looking at the trends in philanthropic contributions in Pakistan, it is evident that corporate sector is directing substantial part of their earnings to social causes such as education, health, economic development and other issues, and also donating generously at times of emergencies like floods and earthquakes. Based on information gathered for PLCs this year, corporate philanthropy has immensely increased to Rs. 4.8 billion in 2013 from only Rs. 228 million in 2000, indicating a twenty one-fold rise over the period and about 18% increase from preceding year (2012). However, only 55% of the Public Listed Companies have been involved in philanthropic giving in 2013. If all PLCs had donated 1% of their PBT in 2013, the estimated amount would have risen to RS. 7.5 billion against the current volume of Rs. 4.8 billion. Moreover, companies ranked as top twenty-five givers have greatly increased their

donations over the years, their share rising to 81% of total donation amount in 2013 from only 32% in the year 2000.

Thus, the potential to contribute to tackling social sector development issues by the corporate sector is huge. However, to realize this potential requires an enabling environment that facilitates participation and maximizes impact. The study has further revealed that companies expect the government to not only streamline the process of tax incentives against philanthropic contributions but also to accord formal recognition to their efforts. Corporate leaders have overwhelmingly indicated their willingness, as evidenced by qualitative survey, to contribute towards development causes if advocated and promoted by the government.

The survey points towards large data gaps and inadequate information on various aspects of corporate giving. As has been highlighted in earlier CPS reports also, giving in-kind and in-time is not documented by PLCs. Also, there is ambiguity and inconsistency in presentation of CSR/philanthropic spending in financial reports. These data gaps limit the possibility of capturing the entire quantum of corporate philanthropy in a comprehensive manner.

Way Forward

Some suggestions emanating from the findings of the survey are worthwhile to be considered as way forward for improving effectiveness and impact of corporate philanthropy in Pakistan.

I.

As about half of the PLCs are not involved in philanthropic giving, some measures of advocacy and communication are warranted to motivate and engage those companies in social development initiatives. For this purpose, a platform should be made available to all stakeholders to discuss best practice models and enhance awareness about the benefits and impact of corporate philanthropy on socio-economic development of Pakistan. Supportive networks comprising philanthropists, grant makers, and civil society should play a useful role also. Government may declare a National Philanthropy Day which would go a long way in attracting attention of the electronic and print media for an effective advocacy awareness campaign on philanthropy. This would also provide companies and other stakeholders with an opportunity to highlight their philanthropic activities and its impact on society.

II.

To address the issue of data gaps on corporate philanthropy/CSR, PCP will play its role in highlighting and bringing this issue to the notice of the concerned regulatory agencies, especially SECP and KSE. In this context, legislation needs to be initiated requiring Public Unlisted and other private companies to report some minimum information on philanthropy/CSR activities to SECP or other regulatory agencies. Although the Government initiative of SECP's promulgation of the Companies (Corporate Social Responsibility) General Order, 2009 is a step forward in this direction, the compliance to the rules and regulations by companies needs to be ensured.

III.

The companies and leaders in corporate philanthropy being interviewed in this survey are aware of the relevance of their contributions in promoting social development and have suggested that the government should come forth to steer the process of corporate philanthropy in the country. Public-private partnership is an established model to enhance coordination between government and private sector. PCP has played some role in building such partnerships in the past and needs to enhance its efforts in creating a healthy synergy between the public and private sector to optimize utilisation of philanthropic contributions for social development in the country.

IV.

Prior information and research is a missing factor in companies' philanthropic programmes. A systematic need-based assessment of the area before initiating a philanthropic intervention should be made to ensure improved efficiency and effectiveness of resources being used for mass benefit. For this purpose, PCP's role to facilitate in channelizing philanthropy to local social development needs should be enhanced by involving and promoting its certified CSOs as implementing partners of the corporate initiatives in certain areas where such work is needed.

V.

There is need to develop policy framework for benchmarking and evaluating impact of philanthropic contributions with clear guidelines for creating long term productive equation between the public and the private sector in the future.

VI.

In all, greater support from the Government and Public authorities need to be sought to make philanthropy more effective through adoption of regulations and appropriate procedures of documenting philanthropic giving along with propagation of corporate philanthropy practices and its benefits for society at large.

About The Centre

The Pakistan Centre for Philanthropy (PCP) is an independent nonprofit support organization licensed under section 42 of the Companies Ordinance 1984. Located in Islamabad, it is led by a Board of Directors comprising eminent citizens and leaders from business and civil society organizations.

PCP was established in August 2001 as a direct outcome of the Conference on Indigenous Philanthropy held in October 2000 in Islamabad. The Conference, attended by the President of Pakistan and His Highness the Aga Khan, recommended the setting up of a “permanent institutional vehicle to promote philanthropy for social investment”.

Rather than engaging in direct philanthropy, PCP seeks to help others in their philanthropic efforts through meaningful support services:

Research Studies:

Over a short period of time, PCP has become a thought leader within the area of its mandate. To date, the Centre’s research portfolio includes 28 reports and studies on various aspects of philanthropy, civil society, Public Private Partnerships and creating an enabling environment. These studies primarily focus on policy level engagements of various stakeholders to better understand the dynamics of philanthropy and plan effective initiatives for social development. Some of these include the following: Enabling Environment Initiative, Philanthropy by Pakistani Diaspora in the USA (2005), Individual Indigenous Philanthropy in the Punjab (2010), Family Foundations in the Punjab (2010), Annual Corporate Philanthropy in Pakistan: Survey of Public Listed Companies, Collaboration between Government & Civil Society Organizations and Going Beyond Business; Intelligent Corporate Philanthropy.

Certification of Civil Society Organizations sets standards in critical areas of internal governance, financial management and programme delivery for CSOs so that they can enhance their credibility and transparency. Certified organizations are then promoted through PCP’s website to enable donors and the government to identify credible partners for social development. Certification also provides CSOs a fast track to tax exemption.

Corporate Philanthropy for Education; a flagship initiative implemented through Public Private Partnerships mobilizes corporate philanthropy for improving rural area schools. The tripartite partnership includes government, private sector and civil society organizations to manage inputs and produce outputs beyond the magnitude of those that are possible through a singular effort.

Information Dissemination and the General Promotion of Philanthropy is an essential underpinning function that involves PCP in promoting knowledge and philanthropy best practice across boundaries; generating informed discussion; catalyzing interaction; and voicing issues concerning the growth and development of civil society to address the challenge of poverty.

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Mr. Arshad Zuberi,

Chief Executive and Editor, Daily Business Recorder.

The Centre is led by **Ms. Shazia Maqsood Amjad**,
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2013

SURVEY OF PUBLIC LISTED COMPANIES

CORPORATE PHILANTHROPY IN PAKISTAN



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